

Commercial Area Transit Node Housing Program Guidelines (Amended June 2006)

A. Introduction

The Commercial Area Transit Node Housing Program (CATNHP) was authorized by Chapter 244 of the Acts of 2002 (line item 7004-7016), also known as the 2002 Housing Bond Bill. The program is administered by the Massachusetts Department of Housing and Community Development (DHCD) and is intended to produce housing units, rental or homeownership, in commercial areas served by public transit. Guided by the legislative intent as expressed in the Act, the Department has developed these guidelines to govern the allocation of funds available through the CATNHP.

The total authorization available through the Commercial Area Transit Node Housing Program is \$10 million. The amount of CATNHP funding available each fiscal year will vary, based on the capital spending budget approved for DHCD each year by the Massachusetts Secretary of Administration & Finance, and by the needs and demands of other capital programs operated by DHCD and by the Office for Commonwealth Development (OCD). Given the amount of funding available, the Department will offer assistance through an initial demonstration program designed to support housing projects of 25 units or less. In accordance with the enabling statute, not less than 51% of the units assisted by the program must benefit persons earning not more than 80% of the area median income. In addition, for purposes of this demonstration initiative, DHCD will define "proximity to transit" to be consistent with the definition of an "Eligible Location" as defined in the regulations for the Transit Oriented Development Infrastructure and Housing Support Program (TOD) at 701. CMR 6.03. The definition is as follows:

"Means an area within .25 (1/4) miles of an existing Transit Station or Planned Transit Station as defined herein. A Project shall be deemed to be within .25 miles of an existing Transit Station or Planned Transit Station if the Project Parcel and proposed Project are located within .25 miles of any part of the existing or Planned Transit Station, including, but not limited to, parking areas proximate to the existing Transit Station or Planned Transit Station, entrance gates, and ticket dispensers. An Eligible Location shall have adequate access to the existing Transit Station or Planned Transit Station or will have adequate access resulting from the proposed Project. A bicycle lane or bicycle path shall be deemed to be in an Eligible Location when it connects to and provides direct bicycle access to the Transit Station and is located within .25 miles of any part of the Existing or Planned Transit Station."

The CATNHP guidelines are intended to be consistent or compatible with existing DHCD and/or OCD programs that can fund housing projects including the Low Income Housing Tax

Credit Program, the HOME Investment Partnerships Program, the Housing Innovations Fund, the Facilities Consolidation Fund, and the Housing Stabilization Fund. In addition, CATNHP funds can be sought in combination with the Affordable Housing Trust Fund.

The CATNHP guidelines may be amended from time to time. Interested parties should contact DHCD's Division of Housing Development to ensure that they are working with the current guidelines.

B. Commercial Area Transit Node Housing Program Projects

Section 2 of the 2002 Housing Bond Bill authorizes the Department of Housing and Community Development to provide "financial support for developing residential housing units within neighborhood commercial areas" and "to fund transit-oriented housing developments in proximity to public transit nodes; ...". The Department will offer assistance through an initial demonstration of CATNHP funding to housing projects within neighborhood commercial areas and in proximity to public transit nodes, as defined on the preceding page.

Funds for assisting commercial area transit node housing projects are limited. Sponsors are strongly encouraged to schedule meetings with DHCD staff to determine whether their projects are in fact eligible for consideration through this demonstration program.

C. Threshold Criteria for Projects:

In order to be considered for CATNHP funds, a project must meet the following thresholds:

1) Project Location

Projects must be located in a neighborhood commercial area in proximity to a public transit node. Neighborhood commercial areas are defined by the statute as "areas characterized by a predominance of commercial land uses, a high daytime or business population or a high concentration of daytime traffic and parking". DHCD defines proximity to a public transit node on the preceding page. Projects must conform to this definition in order to be considered for CATNP funding.

Consistent with Chapter 46 of the Acts of 2003, the Department will give priority to developments for which municipalities have adopted a housing tax increment financing plan in an urban housing center tax increment financing zone.

2) Evidence of Local Support

A project sponsor must demonstrate to DHCD that the community in which the project is located is willing to participate financially in the proposed project. The Department recognizes

that some communities have more resources than others. Regardless, each community must contribute. Evidence of the community's contribution must be submitted to DHCD for review and approval.

3) Evidence of Site Control

Project sponsors must demonstrate to DHCD's satisfaction that they have control over the site on which the housing will be constructed (i.e. purchase and sale agreement, option to purchase, mortgage, etc.).

4) Evidence of Zoning

The application must contain evidence that the project is consistent with local zoning requirements or that the applicant has begun the formal process for seeking zoning relief for the project. Applicants and communities are encouraged to consider the advantages of a cooperative comprehensive permit strategy in achieving zoning relief. Because CATNP funding is limited, DHCD will give priority to projects with appropriate zoning in place.

5) Identification of Proposed Financing and Project Feasibility

Project sponsors must identify funding sources sufficient to cover all development and operating costs and must include funding commitments in the One Stop funding application to DHCD.

6) Commitment to Affordability

In accordance with the enabling statute, not less than 51 percent of the units assisted by the CATNP program must benefit persons earning not more than 80% of the area median income. Applicants will be required to execute a recordable regulatory agreement and/or deed restriction with rent or sales limitation structures for a minimum of 30 years, acceptable to the Department.

7) Good Standing with DHCD

Project sponsors must be in good standing with DHCD and its programs as measured by prior performance in carrying out previously awarded funds through other DHCD programs.

E. Project Characteristics Evaluation Criteria for Projects:

In order to receive CATNHP funds from the Department of Housing and Community Development, a project must competitively satisfy all of the following evaluation criteria:

Quality of Site

The extent to which the Project will increase transit use, improve public access to transit, and increase opportunities to walk, bicycle, or use other non-motorized transportation to carry out daily activities such as shopping and commuting.

The extent to which the commercial area in which the Project is located functions as a transit oriented development. Transit-oriented development is characterized by a predominance of the following: higher density, a mix of uses, pedestrian-oriented design, facilities for non-motorized transportation, parking rations that reflect access to transit and direct and convenient access to transit.

The extent to which the proposed Project will enhance, expand, or otherwise create new transit oriented development and the relationship between the Project and local and regional plans.

Sites with qualities such as close proximity to transit nodes, available infrastructure, or that are supportive of projects that will have positive redevelopment impacts will be more competitive.

2) Characteristics of the Project

Specific characteristics of the project that make it likely to result in housing of particular benefit to the commercial area and consistent with the legislative intent of the program will be evaluated. Preference will be given to projects that maximize consistency with the Commonwealth's Principles for Sustainable Development (see attached). Characteristics such as increased density, mixed uses, adaptive re-use of vacant or underutilized buildings, incorporation of transportation demand management (TDM) methods, pedestrian access, shared parking or parking ratios that encourage transit use and site amenities in support of transit use (dedicated or covered access to transit, secure bicycle facilities, for example) will increase the competitiveness of a proposal.

Project designs that use energy efficient technologies, recycled and/or non-/low-toxic materials, exceed energy codes and otherwise result in waste reduction and conservation of resources are preferable.

3) Readiness

The readiness of a project to proceed to construction will be evaluated based on submission of materials indicating design, engineering, and specifications and contracting progress. All projects should demonstrate the ability to begin construction within six months of funding.

In addition to the Final Application review criteria above, all Final Applications must meet the following additional requirements.

F. Additional Project Requirements:

1) The project sponsor must submit a full One-Stop Affordable Housing application detailing all sources and uses for acquisition and production of the project. Sponsors must submit letters of intent from any other funding sources indicating their financial commitment to the project.

2) CATNHP is a Commonwealth Capital Fund (CCF) program. Scoring for CCF programs includes evaluation of a Commonwealth Capital application from the city or town in which the project is located. The application score rates the overall use of a municipality's powers to promote sustainable development, specifically to advance the state's interests in the following: redevelopment of previously developed areas; sustainable housing production; protection of farms, forests and other priority open space; and public drinking water supply protection. CATNHP project sponsors should work with community officials regarding the CCF program requirements. Full details may be obtained from the Commonwealth Capital Fund website:

www.mass.gov/ocd/comcap.html.

3) The total amount of CATNHP funds requested per eligible project may not exceed \$750,000 or \$50,000 per unit. Each sponsor of a project eligible for CATNHP funds may submit only one request for funding. No more than one application for a project located in any one community will be accepted in a CATNHP funding round. It is the Department's expectation that acquisition costs, construction costs, "soft" costs, and developers' fees will be reasonable, as defined by and within the standards set forth for other DHCD housing programs.

5) The proposed rent structure for rental projects over time must be acceptable to the Department and must incorporate rent increases consistent with current Department trending assumptions for affordable multifamily housing. DHCD expects CATNHP projects to have minimum debt service coverage of 1.15 throughout the period of affordability.

6) For homeownership projects, the sales prices must conform to the limits established by DHCD for the HOME and HSF programs.

7) The affordability restrictions proposed for the projects must conform to statutory requirements. At least 51% of the total units in the project must be occupied and affordable to households at or below 80% of area median income, using U.S. Dept. of HUD data. These occupancy restrictions will be in place for a minimum term of 30 years from the date of the closing on the CATNHP funds. The restrictions will be incorporated into regulatory agreements executed by the owners of CATNHP projects and by the Department.

8) CATNHP assistance for rental projects will be provided in the form of a 30-year deferred payment loan at 0% interest; or, in the case of homeownership, a 30 year deed rider on the property.

9) In the interests of program consistency, aspects of project eligibility and the application process not specific to the CATNHP program will comply with the application guidelines for the HOME and Housing Stabilization Fund programs.

For further information, contact the Department's Division of Housing Development at (617) 573-1300. DHCD's web address is www.mass.gov/dhcd.



Commonwealth of Massachusetts

OFFICE FOR COMMONWEALTH DEVELOPMENT

Mitt Romney, Governor ♦ Kerry Healey, Lt. Governor ♦ Douglas I. Foy, Chief

Enhancing Our Commonwealth

The Office for Commonwealth Development is dedicated to careful stewardship of our natural resources, wise investment in public infrastructure and the expansion of opportunity for all our residents. The beauty and bounty of Massachusetts are the result of decisions made in past generations; our choices today must create value and opportunity for all our residents now and in the future. To improve the health and wealth of all our communities, we must draw together the creativity of our people, the vitality of markets, the resources of government, and the natural treasures we have inherited to design and build communities of diversity and delight for Massachusetts.

The quality of life in all of Massachusetts depends upon growth decisions made in each unique community. Planning for growth in a vibrant Commonwealth means working with those communities to integrate the diverse needs for housing, jobs, services, transportation and historic, cultural, and natural resources. In order to achieve these objectives, the Office for Commonwealth Development will:

- Encourage the coordination and cooperation of all agencies.
- Invest public funds wisely in smart growth and equitable development.
- Give priority to investments that will deliver living wage jobs, transit access, housing, open space, and community-serving enterprises.
- Be guided by the following principles:
 1. **Redevelop first.** Support the revitalization of town centers and neighborhoods. Encourage reuse and rehabilitation of existing infrastructure rather than the construction of new infrastructure in undeveloped areas. Give preference to redevelopment of brownfields, preservation and reuse of historic structures and rehabilitation of existing housing and schools.
 2. **Concentrate development.** Support development that is compact, conserves land, integrates uses, and fosters a sense of place. Create walkable districts mixing commercial, civic, cultural, educational and recreational activities with open space and housing for diverse communities.
 3. **Be fair.** Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning to ensure social, economic, and environmental justice. Make regulatory and permitting

processes for development clear, transparent, cost-effective, and oriented to encourage smart growth and regional equity.

4. **Restore and enhance the environment.** Expand land and water conservation. Protect and restore environmentally sensitive lands, natural resources, wildlife habitats, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open space. Preserve critical habitat and bio-diversity. Promote developments that respect and enhance the state's natural resources.
5. **Conserve natural resources.** Increase our supply of renewable energy and reduce waste of water, energy and materials. Lead by example and support conservation strategies, clean power and innovative industries. Construct and promote buildings and infrastructure that use land, energy, water and materials efficiently.
6. **Expand housing opportunities.** Support the construction and rehabilitation of housing to meet the needs of people of all abilities, income levels and household types. Coordinate the provision of housing with the location of jobs, transit and services. Foster the development of housing, particularly multifamily, that is compatible with a community's character and vision.
7. **Provide transportation choice.** Increase access to transportation options, in all communities, including land and water based public transit, bicycling, and walking. Invest strategically in transportation infrastructure to encourage smart growth. Locate new development where a variety of transportation modes can be made available.
8. **Increase job opportunities.** Attract businesses to locations near housing, infrastructure, water, and transportation options. Expand access to educational and entrepreneurial opportunities. Support the growth of new and existing local businesses.
9. **Foster sustainable businesses.** Strengthen sustainable natural resource-based businesses, including agriculture, forestry and fisheries. Strengthen sustainable businesses. Support economic development in industry clusters consistent with regional and local character. Maintain reliable and affordable energy sources and reduce dependence on imported fossil fuels.
10. **Plan regionally.** Support the development and implementation of local and regional plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the larger commonwealth.

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